

Commercial Auto Unprofitability Not All That It Seems



Why the commercial auto line is a mess

Commercial auto insurance is an unprofitable mess. It's putting some companies out of business. Among the other commercial lines, commercial auto sticks out like a sore thumb. Unprofitable for eight years, the line is making life difficult for insurance agents, brokers and their clients.

My article, "[Commerical Auto Woes](#)", takes an in-depth and rare look into what is *really* going on with commercial auto insurance. I went beyond the standard explanation that premiums are higher due to rising costs. Actually, that is a small piece of the story.

Why is the line in crisis? The article gets into much greater detail, but here are two hints: market changes and technological innovation. And of course, an unprofitable line does not mean that all insurers are suffering. Some are doing quite well, thank you very much.

Improving Commercial Auto

Upon completing the article, it became clear to me that there are several areas to improve. Insurers and the companies they cover need to get religion on workplace safety. That happened 25 years ago in workers' compensation and it put the line on a more solid foundation.

Further, there is a lot more to study about work-related transportation. Traffic, personal auto insurance and workers' compensation studies offer limited application commercial auto insurance. There are other factors involved in commercial auto that range from vehicle size to the impact of federal regulations and employee training.

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Meaningful granular data is tough to come by, which makes it especially challenging to evaluate the health of an insurance line. For insurers that cover a variety of risks, including trucks, it can be tough to go granular. To better compete, carriers need to know more.